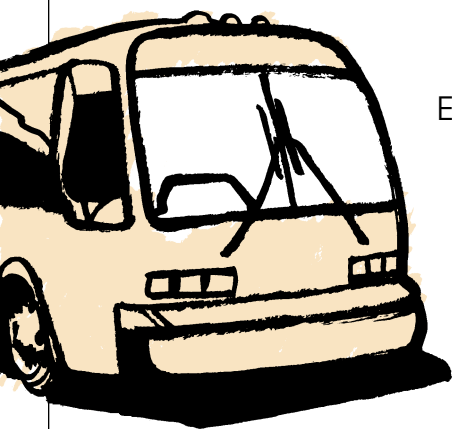


Tax Commission

IDAHO

TRANSPORTATION



An
Educational
Guide to
Sales Tax in
the State
of Idaho

This brochure is intended to help people in the transportation industry understand the sales tax laws that apply to their business. This information is based on the sales tax laws and rules in effect on July 1, 2001.

GROUND TRANSPORTATION

ARE PURCHASES OF HEAVY TRUCKS, BUSES AND TRAILERS TAX EXEMPT?

Trucks and buses registered with a gross vehicle weight of more than 26,000 pounds and trailers registered as part of a fleet may be purchased exempt from Idaho sales and use tax if both of these conditions are met:

1. The motor vehicle (with a maximum gross weight of over 26,000 pounds) or trailer will be immediately registered under the International Registration Plan (IRP) or similar pro rata registration system, and
2. The vehicle will be part of a registered fleet of vehicles that will operate at least 10% of its fleet miles outside Idaho.

This exemption is commonly called the “IRP Exemption.”

The IRP-registered truck, bus or trailer may operate less than 10% of its miles outside Idaho and still be exempt from tax *if* the carrier operates at least 10% of its *overall fleet* miles outside of Idaho. Buyers claiming this exemption must furnish the seller with a properly completed form ST-104-MV, Sales Tax Exemption Certificate— Vehicle.

If, at any point, the vehicle or fleet fails to meet all of the above conditions, Idaho use tax is due at that time. For **example**, if a vehicle is removed from IRP (or similar) registration, it then becomes subject to use tax. Or, if the total fleet miles drop to less than 10% outside of Idaho, use tax is due on all vehicles purchased under this exemption. The amount of tax is based on the fair market value of the vehicle at the time tax is due.

NOTE: Trucks and buses with a maximum gross vehicle weight of 26,000 pounds or less **do not** qualify for the IRP Exemption.

HOW MANY VEHICLES DOES IT TAKE TO MAKE A FLEET?

A fleet consists of one or more vehicles.

WHAT ABOUT REPAIR PARTS AND SUPPLIES?

The IRP exemption described earlier applies only to purchases of motor vehicles and trailers. All purchases of repair parts, supplies, tires, glider kits and other tangible personal property are taxable.

DO I QUALIFY FOR THE IRP EXEMPTION IF I HAUL MY OWN GOODS?

Generally, yes. You should contact the Idaho Department of Transportation to find out if your vehicles qualify for the International Registration Plan.

DOES THE IRP EXEMPTION APPLY TO RENTALS AND LEASES OF TRUCKS, TRAILERS AND BUSES?

Yes. Rentals and leases of motor vehicles and trailers qualify for the IRP exemption. The customer must give the rental or leasing company a completed form ST-104-MV.

WHAT ABOUT TRUCKS, BUSES, TAXIS OR TRAILERS THAT ARE USED IN IDAHO BUT ARE NOT IRP-REGISTERED?

No tax exemption applies to these vehicles. Parts and supplies also are taxable.

MUST GROUND TRANSPORTATION COMPANIES CHARGE SALES TAX ON THEIR SERVICES?

Ground transportation services, such as freight transportation by a trucking company or passenger trips offered by bus or taxi companies, are not taxable.

However, if a freight company, bus company, or moving company sells tangible personal property in Idaho, it must have an Idaho seller's permit and collect and remit sales tax on the items it sells, unless the buyer qualifies for an exemption and gives the seller a completed form ST-101, Sales Tax Resale or Exemption Certificate. (See Brochure #5 for more information.)

Examples are sales of trucks, buses, other motor vehicles, office furniture and shop tools, and rentals of items such as boxes, hand trucks, fork lifts, and packing materials.

IS THERE TAX ON ITEMS PURCHASED BY A COMMON CARRIER FOR USE OUT OF STATE?

A common carrier may buy goods for out-of-state use without paying tax when the following conditions are met:

- The common carrier uses his own vehicles to ship his purchases out of state;
- A bill of lading is written for the delivery; and
- The goods will be used in the buyer's business as a common carrier.

A common carrier that buys goods in Idaho and takes delivery of them here without a bill of lading must pay tax to Idaho in the same manner as any other consumer from out of state. The point of sale, not the destination, determines which state receives the tax.

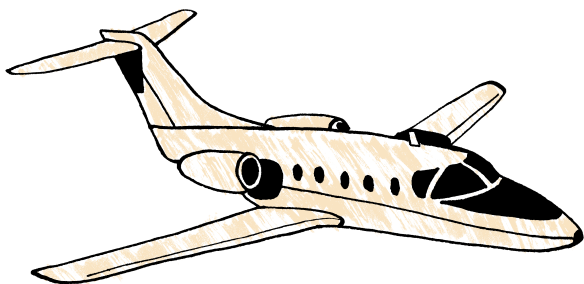
FLYING SERVICES

ARE PURCHASES OF AIRCRAFT EXEMPT FROM SALES TAX?

An aircraft may be purchased exempt from Idaho sales and use tax if it will be used primarily (more than 50% of its flight hours) to transport passengers or freight for hire. Parts and repair and replacement materials for these aircraft are also exempt. Buyers that qualify for this exemption need to provide the aircraft vendor with a properly completed form ST-101, Sales Tax Resale or Exemption Certificate.

(NOTE: Aircraft used for recreational flights do not qualify for this exemption. Recreational flights include hot air balloon rides, pleasure rides, sightseeing, wild-life viewing, etc., where the purpose of the trip is not to get from one place to another.)

Aircraft also can be purchased tax exempt if they are held for resale or rented without the owner providing a pilot. For more information on resale purchases and flight instruction, see Brochure #15 — RVs, Boats and Aircraft.



WHEN ARE SALES OF FLYING SERVICES TAXABLE?

Charges for recreational flights and intrastate charter flights are taxable. Recreational flights include balloon rides, sightseeing, wildlife viewing or similar activities. An intrastate charter flight occurs when someone hires an aircraft with a pilot to transport passengers or freight, and the flight's origin and destination are within Idaho. If the origin or destination is outside Idaho, it is an interstate flight and is not taxable.

If the customer is an outfitter, he may purchase charter flights for his customers (for resale) without paying sales tax. The outfitter must give the flight service a completed form ST-101 when making his purchase; he then charges sales tax to his customer. For more information on outfitters, see Brochure #18.

ARE THE RULES DIFFERENT FOR A CERTIFIED AIR CARRIER?

Yes. The *regularly scheduled* flights of a certified air carrier operating under the authority of the United States are not taxable, even if the origin and destination are in Idaho. The purchase of the aircraft, as well as its parts and replacement materials, is exempt from sales tax. Only nonscheduled intrastate charter flights are taxable.

WHAT OTHER THINGS SHOULD AN AIR CARRIER BE CONCERNED ABOUT?

Sales of food and drink or complimentary meals and drinks may be taxable for portions of a flight that start or end in Idaho. For more information, see the section entitled SALES TO PASSENGERS at the end of this brochure.

ARE CROP DUSTING OR FIRE SUPPRESSION SERVICES TAXABLE?

No. Aerial spraying and dumping, such as spraying weed and insect control chemicals for farmers or dropping fire suppression chemicals for the Forest Service, are not considered transportation of freight for hire. However, the aircraft used to perform these services are taxable when purchased, as are any parts and supplies.

WHAT ABOUT OTHER TYPES OF FLYING SERVICES?

Other contract flying services, such as airlifting power poles into roadless areas, aerial logging, aerial spotting of forest fires, wildlife spotting for government agencies, or similar activities, are not taxable. The aircraft, parts and supplies are taxable when purchased.

IS AIRCRAFT FUEL TAXABLE?

If aviation fuels tax has been paid on the fuel used in the aircraft, sales tax does not apply to its purchase or use. However, if aircraft are rented on a “wet” (including fuel and oil) basis and the rental is otherwise taxable, the total fee paid is taxable if the fuel is not listed separately in the billing. This is true even if aviation fuels tax already was paid on the fuel.

RAIL TRANSPORTATION

ARE PURCHASES BY A RAILROAD TAXABLE?

When items are purchased by a railroad for use in Idaho, they are subject to sales or use tax unless a specific exemption applies to the purchase. Taxable purchases include office supplies, office equipment, computers, motor vehicles, repair parts and repair supplies.

IS THERE AN EXEMPTION FOR RAILROAD ROLLING STOCK?

Yes. Idaho law exempts the sale of railroad rolling stock that has been rebuilt or remanufactured in Idaho, as well as all parts, material or equipment used to rebuild or remanufacture the rolling stock. In order to qualify for this exemption, the railroad rolling stock must have been used in interstate commerce for three consecutive months prior to it being rebuilt or remanufactured.

SHOULD A RAILROAD COLLECT SALES TAX ON ITS SALES?

The charge for transporting passengers or freight by rail is not taxable. However, a railroad may sell other items that are taxable. Promotional items, supplies sold to employees, equipment and other tangible personal property sold by the railroad are subject to sales tax unless the buyer qualifies for an exemption and gives the railroad a completed form ST-101.

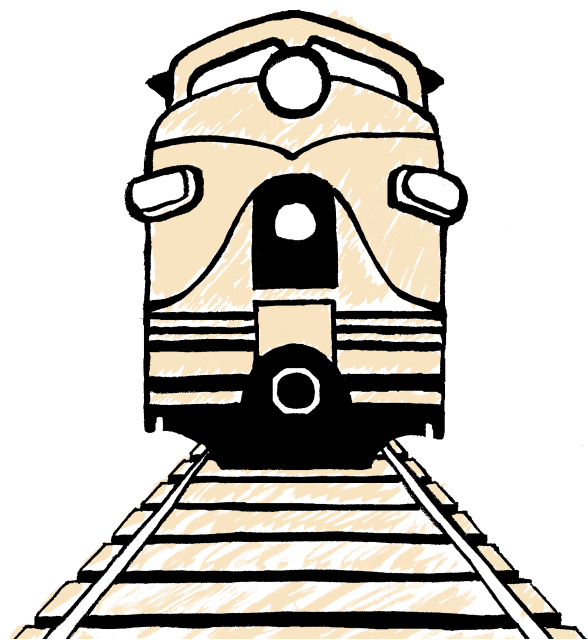
The railroad also owes use tax when it gives away items on which sales or use tax has not already been paid. For **example**, when a railroad gives a boxcar to a school for use as a storage building, the railroad must pay use tax on the value of the boxcar at the time it is donated.

SALES TO PASSENGERS

WHEN AIRLINE, BUS AND RAILWAY COMPANIES MAKE SALES TO PASSENGERS, ARE THESE SALES TAXABLE?

Some airlines, railway and bus companies buy food, drinks, souvenirs or other items exempt from tax and sell them to their customers in addition to the fare for the trip. A company that sells such items is a retailer. When a trip includes one or more scheduled stops in Idaho, the retailer must collect and remit sales tax on these sales. If the product is ordered or delivered in Idaho, Idaho tax is due, regardless of where the product is consumed. Instead of keeping track of sales by state, businesses are allowed to prorate these sales for the trip by multiplying the total sales by the percentage of Idaho miles in that portion of the trip.

Transportation companies also may buy items that are provided to customers as part of the fare for the trip, or are given as gifts. Examples include in-flight meals, complimentary beverages and souvenirs. These items are taxable if purchased in Idaho. If the transportation company buys the items in another state and does not pay sales tax to that state, use tax is due on these goods for any trip that includes one or more scheduled stops in Idaho. The company is allowed to prorate the amount subject to tax using the Idaho mileage percentage method described earlier.



FOR MORE INFORMATION, READ:

Brochure #2	Use Tax
Brochure #5	Retailers & Wholesalers: Making Exempt Sales
Brochure #11	Rental & Leasing Firms
Brochure #14	Motor Vehicles
Brochure #15	RVs, Boats & Aircraft
Rule 17	Airlines, Buses and Railway Dining Cars
Rule 37	Aircraft & Flying Services
Rule 101	Motor Vehicles and Trailers Used in Interstate Commerce

This brochure was prepared by
the Idaho State Tax Commission.
It does not provide comprehensive
explanations of Idaho tax laws
or rules. Specific questions
should be addressed to the
Idaho State Tax Commission
or a qualified tax practitioner.

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